

Message Text

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ORIGIN COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 /018 R

DRAFTED BY COM/BIC/CAGNE/LJENSEN

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STATE/NEA/AFN/MKING (PHONE)

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R 051643Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY TRIPOLI

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E.O11652: N/A

TAGS: BAGB, BGEN, LY

SUBJECT: ASSISTANCE REQUESTED IN SALE IRRIGATION EQUIP-
MENT TO LIBYA

REF: TRIPOLI 1034

1. EMBASSY MAY INFORM OMRAN EL GHAWI THAT PIERCE CORP.
CONSIDERS ITS CONTRACT VOID.

2. FYI ONLY: JOHN STEVENS OF PIERCE CORP. INFORMED CAGNE
OFFICER ON CONFIDENTIAL BASIS THAT PROBLEM TRANSCENDS
EXCHANGE RATE. AFTER CONSIDERABLE EXPENSE IN NEGOTIATING
RECENT CONTRACT IN TRIPOLI, PIERCE REPS WERE GIVEN ONLY
ARABIC VERSION OF FINAL CONTRACT WHICH THEY SIGNED; THEY
TRANSLATED CONTRACT IN LONDON AND SUBSEQUENTLY DISCOVERED
18 NEW OR DIFFERENT ITEMS FROM THOSE PREVIOUSLY AGREED
UPON VERBALLY. THESE INCLUDED NOT ONLY DIFFERENT PRICE
FOR EQUIPMENT, BUT LENGTHY GUARANTEE PERIOD, PERFORMANCE
BONDING REQUIREMENT, PROCEDURE FOR PERIODIC PAYMENT OF
PORTION OF CONTRACT VALUE ONLY AFTER LIBYANS APPROVED WORK
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ACCOMPLISHED TO DATE, AND OTHER "SURPRISES."

3. PIERCE CABLED OFFER TO RENEGOTIATE OR FORGET THE DEAL.
ACCORDING TO STEVENS, SINCE THE SIGNED CONTRACT WAS NEVER

"REGISTERED" WITHIN REQUIRED PERIOD OF TIME, IT AUTO-
MATICALLY BECAME VOID AND COMPANY IS NOT INTERESTED IN
RENEGOTIATING IT.

4. CAGNE SUGGESTED TO STEVENS THAT THE "SURPRISES"
FOUND IN ARABIC VERSION OF LIBYAN CONTRACT ARE NONETHE-
LESS FAIRLY STANDARD ELEMENTS OF LARG AND OTHER NEAR
EAST CONTRACTS. THE DIFFERENCE IS THAT IN MOST CASES THE
TERMS ARE DISCUSSED OPENLY AND NOT HIDDEN IN ARABIC TEXT.

5. STEVENS IS SENDING CAGNE COPY OF HIS CABLE TO LIBYANS
WHICH DETAILS THE "SURPRISES" IN CONTRACT. PARAS 2-5
FOR EMBASSY BACKGROUND ONLY. END FYI. HABIB

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